



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

June 11, 2013

Certified Return Receipt  
7010 2780 0002 7254 1101

Columbia State Bank  
1102 Broadway  
P. O. Box 2156  
Tacoma, Washington 98401-2156

Subject: Non-Renewal of Letter of Credit # [REDACTED], Oakley Mountain Corporation, Green Beetle Quartzite Mine, S/003/0072, Box Elder County, Utah

Dear Sir or Madame:

The Utah Division of Oil, Gas and Mining (Division) received your letter dated May 23, 2013, regarding non-renewal of Letter of Credit # [REDACTED] in the amount of \$55,300.00. The mine operator, Oakley Mountain Corporation, has been advised that a replacement surety must be provided by July 22, 2013. If a replacement surety is not provided by that date, the Division will immediately submit to you its sight draft for the full face value of the letter of credit. The Division anticipates that payment of \$55,300.00 will be made by delivery of certified funds payable to the State of Utah within two days following your receipt of the sight draft. Payment should be sent to the above address by a next day delivery. The Division will hold the funds as surety for the Bureau of Land Management and itself to be used for reclamation of the Green Beetle Quartzite mine pending a forfeiture action to be filed before the Board of Oil, Gas and Mining.

The Division is proceeding as if the operator will not fulfill this bonding requirement and the Division will have to move forward with the presentation of the sight draft. Please advise if you have any questions and let me know in writing if this procedure is not acceptable.

Thank you. If you have any questions, please feel free to call me at (801) 538-5261.

Sincerely,

Paul Baker  
Minerals Program Manager

PBB:pb

Enclosure: Letter dated May 23, 2013, and Sight Draft

Cc: BLM SLFO; John Blake, SITLA (jblake@utah.gov)

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STANDBY IRREVOCABLE  
Letter of Credit No. \_\_\_\_\_

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**EXHIBIT A - SIGHT DRAFT**  
**to**  
**Letter of Credit Number: \_\_\_\_\_**

Date	City, County	Letter of Credit No.

AT SIGHT PAY TO THE ORDER OF: Utah Division of Oil, Gas and Mining,

\_\_\_\_\_ DOLLARS

"Drawn under L/C No. \_\_\_\_\_ of the Columbia State Bank, International Department, Tacoma, Washington, dated: September 13, 2005."

TO: (Name of Bank)  
and  
(Address)

Utah Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

By: \_\_\_\_\_  
Authorized Signature

STANDBY IRREVOCABLE  
Letter of Credit No. \_\_\_\_\_

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**EXHIBIT B**  
**to**  
**Letter of Credit Number** \_\_\_\_\_

I, \_\_\_\_\_ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ \_\_\_\_\_, by sight draft accompanying this certificate, under Letter of Credit No. \_\_\_\_\_ dated September 13, 2005 issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of the Letter of Credit No. \_\_\_\_\_, in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the Green Beetle Mining Project, number S/003/017. The amount to be drawn is necessary to assure or complete reclamation of the Green Beetle Mining Project, number S/003/017 in accordance with applicable law. Proceeds of this drawing will be held by the Division, subject to the Board of Oil, Gas, and Mining, after Notice and Hearing, ordering forfeiture of the surety in accordance with applicable law utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorney's fees for the Green Beetle Mining Project, S/003/017.

The Utah Division of Oil, Gas and Mining

By: \_\_\_\_\_  
Authorized Signature

Date \_\_\_\_\_